

# EXHIBIT A

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## SUBCONTRACT

Subcontract No. 392208.02  
 JUL 16 2002  
 BY:

This Subcontract is by and between APAC-Georgia, Inc., Ballenger Paving Division ("Contractor"), with offices at 900 West Lee Rd. Taylors, SC 29687 (mailing address), P.O. Box 127 Greenville, SC 29602 and Costello Industries, Inc. ("Subcontractor") with offices at 123 Costello Rd., Newington, CT 06111 (mailing address) P.O. Box 310444, Newington, CT 06131-0444.

**CONTRACTOR AND SUBCONTRACTOR PROMISE AND AGREE AS FOLLOWS:**

Subcontractor shall procure and furnish all materials, labor, supervision, equipment, facilities, supplies, licenses, and permits necessary to perform all work set forth below in the construction of Reconstruction on I-75, B10957-02-000-0, located in Monroe County Georgia ("Project") and owned by «OWNER» ("Owner"), in accordance with this Subcontract and the contract between the Owner and Contractor dated May 28, 2002, including all plans, drawings, forms, conditions, specifications and other documents forming or made part of said contract, all of which Subcontractor acknowledges it has reviewed to its satisfaction. The Contract is hereby incorporated by reference and made a part hereof, and Subcontractor is bound to Contractor by the same terms and conditions by which Contractor is bound to the Owner under the Contract. Contractor makes no representation or warranty, express or implied, regarding the adequacy or accuracy of the Contract. Subcontractor shall perform all duties and obligations of the Contractor under the Contract to the extent that such duties and obligations are related, directly or indirectly, to Subcontractor's work. Subcontractor will not do, or fail to do, any act, if such act or failure to act would constitute a breach of the Contract. This Subcontract is made conditional upon its approval, and approval of Subcontractor, by the Owner, if such approval is required under the Contract.

**1. SCOPE OF WORK:** Subcontractor shall perform and pay for the following work and all incidental work necessary to complete it ("Work"): See "Attachment A" page 6 of 9. Any portion of the Work performed prior to the execution of this Subcontract shall be governed by and subject to the terms and conditions of this Subcontract.

**2. INVESTIGATION OF PROJECT:** Subcontractor has fully acquainted itself with and shall be solely responsible for all physical and nonphysical conditions affecting the Work, the Project site and surrounding conditions, as well as all laws, ordinances, regulations, and governmental requirements applicable to the Work, and the availability of all materials, supplies, and utilities necessary to perform the Work. Subcontractor assumes all risk and expense of any variances between actual conditions and any conditions represented in the Contract or this Subcontract, including but not limited to subsurface conditions, prior work performed by other parties, and the proper removal and disposal of waste and contaminants encountered on the Project. Subcontractor shall immediately notify Contractor in writing of any hazardous material or condition encountered on the Project site, or the release by Subcontractor of any contaminant or substance, the reporting of which is required under any law or regulation.

**3. EXECUTION AND PROGRESS OF THE WORK:** Time is of the essence of this Subcontract. Subcontractor shall commence the Work when directed by Contractor, and shall prosecute the Work at whatever rate of progress and in whatever sequence as Contractor may direct. Subcontractor shall make all necessary arrangements and coordinate its Work with the Contractor, other subcontractors and the Owner's forces so as not to delay or impair the progress of the Work or the work of others on the Project. Subcontractor shall utilize and maintain whatever lights, barriers, supports, barricades, warning and other safety devices necessary to protect the Work and prevent personal injury or property damage. Subcontractor shall keep the Work area clean, neat and orderly, to the satisfaction of Contractor. Subcontractor's representative on the Project shall at all times have the authority to act in all respects on behalf of Subcontractor. Contractor shall have the sole authority to determine the acceptability or unacceptability of the Work, to reject unacceptable Work, and any decision by Contractor as to any aspect of the Work shall be final. Subcontractor shall not allow any labor dispute, or any claim or dispute in connection with this Subcontract, to in any way delay, interfere with, impair, disrupt, or hinder the Work. Contractor may at any time request Subcontractor to provide adequate assurances that it possesses the capability to complete performance of this Subcontract, and the failure of Subcontractor to supply such assurances to Contractor's satisfaction shall constitute a material breach of this Subcontract.

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4. **PAYMENT:** Subcontractor shall submit invoices at intervals as directed by Contractor. Subcontractor shall submit with any such invoice whatever affidavits, releases, waivers, and other documents relating to the Work covered by such invoice that Contractor may request. Contractor shall pay Subcontractor within ten (10) days following receipt of corresponding payment from Owner. Such payment shall be limited to the amount of payment that Contractor receives from Owner for the Work, and Contractor may withhold from each payment, other than final payment, retainage of either (i) 2.5%, or (ii) the amount pertaining to the Work withheld by Owner from Contractor. Contractor shall release Subcontractor's retainage within ten (10) days of Subcontractor's satisfactory completion of the Work. Contractor shall have no obligation to make any payment to Subcontractor unless Subcontractor, in Contractor's opinion, is in full compliance with all requirements of this Subcontract. Subcontractor shall bear the risk of nonpayment by the Owner, and payment to Subcontractor shall be wholly contingent and conditioned upon Contractor's receipt of payment from Owner, and in no event shall Contractor be responsible to make any payment to Subcontractor unless and until payment is actually received by Contractor from Owner. Subcontractor shall promptly pay for all labor and materials supplied in the prosecution of the Work. Contractor is entitled and authorized to (iii) withhold from any amount otherwise owed Subcontractor the amount, plus 10%, of any claim for payment of labor or materials allegedly furnished in the prosecution of the Work, (iv) make payment to Subcontractor and any such claimant by joint check, (v) pay any such claimant directly from funds otherwise owed Subcontractor, and (vi) withhold from any amount otherwise owed Subcontractor an amount sufficient, in Contractor's opinion, to compensate for any breach by Subcontractor of any provision of this Subcontract. No payment shall operate as an acceptance of the Work performed or materials furnished.

5. **INSURANCE:** Subcontractor shall, and shall cause each of its subcontractors to, maintain (i) worker's compensation and employer's liability insurance to fully protect against loss from personal injury, including death, to any of their employees, (ii) comprehensive automobile liability, general liability (including blasting, collapse and underground, product liability and completed operations coverages,) contractual liability, owners and contractor's liability, builders risk, and property damage insurance, (iii) and any and all other insurance required by the Contract. All such insurance shall be written by insurers acceptable to Contractor, having minimum coverage of \$1,000,000 combined single limit, on an "occurrence" basis and not on a "claims made" basis. All policies, except for worker's compensation policies, shall name the Contractor as an additional insured with primary coverage (with any other third-party coverage provided for Contractor to be deemed as excess only) and shall indemnify, defend and protect Contractor from all claims, expenses and liabilities in any way connected with any act or omission of Subcontractor, its invitees, or any person performing Work directly or indirectly on behalf of Subcontractor, regardless of whether Contractor is ~~wholly~~ or partially at fault. All insurance shall expressly provide that all rights of subrogation against the Contractor and the Owner are waived, that no amendment or cancellation of any policy shall be effective until 30 days' written notice to Contractor, and that Owner is an additional insured to the extent that Contractor is required to provide insurance coverage the Owner under the Contract. Before starting the Work, and at any time Contractor so requests, Subcontractor shall furnish certificates satisfactory to Contractor evidencing the required insurance. Neither performance of work by Subcontractor nor any payment by Contractor prior to Contractor's receipt of such certificates shall not diminish Subcontractor's duty to maintain the required insurance or to supply such certificates.

6. **INDEMNITY:** Subcontractor shall defend, indemnify and hold Contractor, its officers, employees, agents, insurers, sureties, and parent and affiliated corporations, harmless from any and all losses, consequential damages, expenses (including but not limited to attorneys', consultants' and experts' fees), claims, suits, liabilities, fines, penalties, and remedial or clean-up costs arising out of or in any way related to (i) the performance of the Work, (ii) any breach of this Subcontract, or (iii) any act or omission by Subcontractor, its invitees, or any person performing Work directly or indirectly on behalf of Subcontractor, regardless of whether Contractor is wholly or partially at fault. Subcontractor's indemnity and defense obligations shall apply to any claim against Contractor by any employee of Subcontractor, and Subcontractor shall not assert as a defense in any suit by Contractor to enforce Subcontractor's obligations under this Article 6 any immunity or other defense provided under any worker's compensation or other laws. Subcontractor's obligations under this Article 6 shall not be limited by any other provision of this Subcontract or by any law. Any damages recoverable by Contractor from Subcontractor shall bear interest at the annual rate of 18%, or the highest rate allowed by law, if lower.

7. **CHANGES; EXTRA WORK:** Changes and extras in the Work and its scheduling may be made only upon written order by Contractor's authorized representative to Subcontractor, and Subcontractor shall receive no compensation or time extension for any changed or extra Work performed prior to receipt of such order. Any changes in the Subcontract price or time shall be agreed upon in writing by the parties; and if such agreement cannot be reached, Subcontractor shall proceed as directed by Contractor and may submit a claim in accordance with paragraph 15 for any increased costs so incurred.

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8. **TRUST FUNDS:** Any and all funds paid to Contractor or Subcontractor on account of the Work shall be held by each of them in trust: (i) for the payment of such payee's legally enforceable obligations to pay suppliers of labor or materials furnished in the performance of the Work; and (ii) for the payment of any and all liabilities of Subcontractor to Contractor. Neither Subcontractor, nor any person claiming under or through Subcontractor, shall have any legal or equitable interest or ownership rights of any nature in funds held in trust unless and until the purposes and intent of such trust are fully discharged. The holding of funds in trust shall be for the sole benefit and protection of Contractor, and no third party shall have any rights in such funds as a beneficiary or otherwise.

9. **DELAY:** No extension of time shall be allowed unless Subcontractor submits a written request to Contractor within 48 hours of the commencement of the asserted basis for such request and then only if and to the extent approved by Contractor and Owner in writing, regardless of the asserted basis for such request, and regardless of whether Owner or Contractor is at fault. No damages, additional compensation, or other remedy, shall be granted to Subcontractor for any delay, interference, impairment, disruption, or hindrance that Subcontractor may encounter in performing the Work, regardless of the cause.

10. **DISADVANTAGED BUSINESS ENTERPRISE:** If Subcontractor is to perform as a Disadvantaged, Small, Minority or Female-Owned Business Enterprise ("DBE"), Subcontractor (i) agrees that all Work required by this Subcontract will be performed, managed and supervised by Subcontractor's own forces, except for Work sub-subcontracted to others with Contractor's prior written consent, and (ii) shall do all things necessary to comply with all applicable federal, state or municipal laws, rules, regulations or ordinances governing the Subcontractor's performance and continuing certification as a DBE so that its performance will count toward Contractor's DBE requirements in the Contract.

11. **WARRANTY:** Subcontractor shall provide all warranties with regard to the Work as required in the Contract; however, in no event shall such warranties extend for less than one year from the final acceptance date of the Project. Subcontractor shall replace or repair to Owner's and Contractor's satisfaction any material or workmanship in the Work deemed defective by Owner or Contractor.

12. **COMPLIANCE WITH LAW:** Subcontractor, at its own expense, shall comply with all applicable local, state and federal laws, rules, regulations and ordinances, as amended, including but not limited to those governing: wage and hour, employment, drug-free workplace, safety, hazard communication, material safety data, health, and matters affecting the environment. Subcontractor shall not discriminate against any employee or applicant on the basis of race, color, religion, sex, national origin, age, disability, or veteran status; and Subcontractor shall comply with the Civil Rights Act of 1964, Executive Order 11246, 41 CFR Part 60 and all other statutes and laws prohibiting any such discrimination. Subcontractor shall cause such legal and regulatory requirements, to the extent required under any law, regulation or the Contract, to be included in any lower-tier subcontract or purchase order, including without limitation Required Contract Provisions Under Federal-Aid Construction Contracts. Subcontractor shall comply with all federal and state antitrust laws, and further represents and warrants that no employee, officer, director or agent of Subcontractor has directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the Work.

13. **SUSPENSION OR TERMINATION:** This Subcontract will terminate, or the Work will be suspended, to the extent that: (i) the Contract terminates or the Owner suspends the Work, in whole or in part, or (ii) Contractor gives written notice to Subcontractor that this Subcontract is terminated or the Work is suspended, in whole or in part. In any of such events, Subcontractor shall immediately suspend or terminate work as appropriate.

14. **DEFAULT:** If, in the opinion of Contractor, Subcontractor (i) breaches any term of this Subcontract, (ii) fails to provide sufficient skilled labor or materials of proper quality, (iii) fails to repair defective Work, (iv) fails to prosecute the Work promptly and diligently to promote the progress of the Project, (v) becomes insolvent or experiences financial difficulty so that proper performance of the Work is jeopardized, or (vi) becomes disabled from complying with any term of this Subcontract by a petition in Bankruptcy or by appointment of a receiver (each of which is an "event of default"), then Contractor may, at its sole option: (a) declare Subcontractor in default and terminate this Subcontract, effective 12 hours after written notice to Subcontractor; (b) provide any or all of the labor, equipment, and materials necessary to complete the work, and deduct the cost thereof from any money due Subcontractor, and/or (c) take possession of any materials and equipment of Subcontractor in order to finish the Work. Subcontractor shall be liable for any damages or losses incurred by Contractor resulting from an event of default, and Contractor shall have a security interest in and lien upon all materials and equipment of Subcontractor to secure such obligation. If Subcontractor owes Contractor money or has any liability to Contractor for any reason,

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whether or not arising under this Subcontract, Contractor may offset such obligation or debt against any monies which Contractor, or any of its corporate affiliates, owes Subcontractor under this or any other contract, subcontract, purchase order or agreement.

**15. CLAIMS AND DISPUTES:** Subcontractor may submit a claim for extra work or otherwise for additional compensation only as permitted by the Contract and this Subcontract. Subcontractor shall have sole responsibility for submitting such a claim within the shorter of (a) the time limitations and other requirements as set forth in the Contract or (b) within ten days of the initial occurrence of any event giving rise to such claim. If permitted by law and the Contract, Subcontractor may, at its sole expense, pursue its claim against the Owner in the name of Contractor; but prior thereto, Subcontractor shall enter into a separate written agreement satisfactory to Contractor to indemnify Contractor from any associated costs, expenses, or other losses. Subcontractor shall have no claim against Contractor for which Owner is not liable or otherwise has not made payment to Contractor; and in no event, shall Contractor have any liability to Subcontractor in excess of any actual recovery from Owner for claims relating to the Work. If any claim or dispute arises relating to this Subcontract, Subcontractor shall immediately make all of its books and records available to Contractor for review and audit. The failure of Subcontractor to initiate legal action relating to any claim arising under this Subcontract within one (1) year shall constitute a full and complete waiver of such claim, regardless of any applicable statute of limitations. In the event that Contractor is required to arbitrate any controversy involving, in whole or in part, the Work, then Subcontractor shall, and shall cause its surety, subcontractors and suppliers to, participate and cooperate fully in the prosecution and defense of such controversy in such arbitration, and be bound by the result; otherwise, any controversy arising under this Subcontract shall be subject to arbitration in accordance with the Construction Industry Rules of the American Arbitration Association at Contractor's sole discretion, and this agreement to arbitrate upon Contractor's exercise of such discretion shall constitute an agreement to submit such controversy to arbitration enforceable under any applicable arbitration statute.

**16. PAYMENT AND PERFORMANCE BONDS:** Subcontractor shall provide a separate payment and performance bond, each in the penal amount of this Subcontract, on forms and with sureties satisfactory to Contractor. When separate performance and payment bond are not furnished, retainage will be withheld according to paragraph 4. (l).

**17. SUB-SUBCONTRACTS:** Subcontractor shall not assign or sublet any portion of this Subcontract or its proceeds without the advance written consent of Contractor. Subcontractor shall incorporate by reference this Subcontract into any sub-subcontract or other agreement covering any portion of the Work. Subcontractor shall, before commencing the Work and at any time requested by Contractor, furnish Contractor a written list of the names of all subcontractors, suppliers and any other entities that may furnish labor or materials in the prosecution of the Work. In any sub-subcontract or contract to procure materials or equipment Subcontractor shall include a provision allowing for termination at Subcontractor's convenience without liability to Contractor or Owner, which Subcontractor shall promptly exercise if requested by Contractor.

**18. SAFETY:** Subcontractor shall comply with all safety policies and rules of Contractor and Owner, and shall take all actions and precautions necessary to ensure the safety of its employees, the general public, and all other persons on, around, or affected by the Work. SUBCONTRACTOR further agrees that all its personnel will wear hard hats at all times while performing this work.

**19. ENFORCEMENT:** Failure or delay by Contractor to require performance of any provision of this Subcontract shall not be deemed a waiver of its right to enforce such provision, or a waiver of any other right. If any provision of this Subcontract is found unenforceable by any court or tribunal, Contractor and Subcontractor agree that such provision shall be modified to the minimum extent necessary to render it enforceable, and that the remainder of this Subcontract shall not be otherwise affected. The mutual agreement of the parties hereto is comprised of each and every provisions hereof, and no provisions shall individually be held unenforceable for lack of mutuality. Subcontractor shall be bound by any labor agreement executed by Contractor or Owner to the extent required by such agreement. This Subcontract may be amended or modified only by a written addendum signed by both parties to the Subcontract. This Subcontract constitutes the entire agreement between the parties, and may not be amended except by written agreement executed by the parties. If there is any conflict between the terms and conditions of this Subcontract and the terms and conditions of the Contract, the terms and conditions imposing a greater burden on Subcontractor shall prevail. This Subcontract constitutes the complete agreement between the parties and supersedes any and all prior understandings, conversations, and proposals.

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20. INDEPENDENT CONTRACTOR: Subcontractor agrees that it is, and will remain throughout the life of this Subcontract, an independent contractor solely responsible for performing the details of the Work to the extent necessary to avoid any claim or assertion of an employer-employee relationship between Contractor and Subcontractor's employees, and an employing unit subject to and in compliance with all applicable tax, unemployment compensation, worker's compensation and other laws. **SUBCONTRACTOR STATUS:**

Subcontractor represents and warrants that it is a (check one)  corporation  partnership  sole proprietorship. Its federal tax identification number is 06-0613324

21. SATISFACTORY COMPLETION: The work shall not be deemed to be satisfactorily completed unless and until (a) final quantities for the Work have been agreed upon by Owner and Subcontractor in writing; (b) the Work has been formally inspected and accepted by the Owner in writing; (c) Subcontractor has reimbursed Contractor for any liquidated damages and other penalties assessed against Subcontractor and for any overpayments received by Subcontractor; and (d) Subcontractor has, in Contractor's sole discretion, completed all requirements of the Subcontractor, including but not limited to the following: (i) Subcontractor has furnished all required manuals, operating instructions, test reports, material certifications, and similar items required by the specifications and to the satisfaction of the Owner; (ii) Subcontractor has submitted all certified payrolls and other information required by the Owner; and (iii) Subcontractor has satisfied all outstanding claims for labor, materials, and equipment used or consumed during the Work.

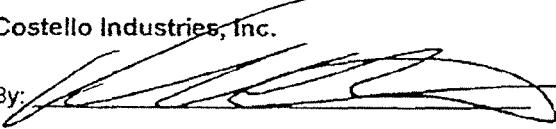
22. SPECIAL PROVISIONS: (If none, so state.)

- A. SEE ATTACHMENTS - Attachment "A", Standard Addendum to Subcontract - Costello Industries, Inc., and APAC-Georgia, Inc. Ballenger Paving Division - Attachments to Standard Subcontract Agreement.
- B. None of the Special Provisions shall alter any of the remaining provisions within the Subcontract or alter the effect of any.
- C. Payment for the cost of performance and payment bonds to be based upon actual invoice of the bonds from Costello's surety. Payment for the bonds will not exceed 0.72% of the total value of the schedule of Work shown on page seven (7).

This Subcontract is effective upon the later of the two dates shown below.

SUBCONTRACTOR:

Costello Industries, Inc.

By: 

FRANK COSTELLO

Print Name

Title: PRESIDENT

Date: JULY 26, 2002

CONTRACTOR:

APAC Georgia, Inc.

By: 

Ronald C. Ashmore

Print Name

Title: Vice President

Date: 7/20/02

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Revised 07/30/02

**ATTACHMENT**  
TO SUBCONTRACT AGREEMENT WITH  
Costello Industries, Inc.

LINE NO.	ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICE	TOTAL AMOUNT
0005A	150- 1000	TRAFFIC CONTROL - (PARTIAL FOR OTHER SUBS)	252,840.000	SY	0.14	\$35,397.60
0040	407- 0020	ASPHALTIC-RUBBER JOINT AND CRACK SEAL, TP S	109,000.000	LF	0.60	\$65,400.00
0063	439- 0108	CONT REINF CONC PVMT, CL HES CONC, 8 INCH THICK (PARTIAL)	75,000.000	SY	1.00	\$75,000.00
0063A	439- 0108	PARTIAL ISOLATED SLAB LOCATIONS	1,657.000	SY	119.69	\$198,326.33
0070A	452- 1000	FULL DEPTH SLAB REPLACEMENT - GREEN SAW	310.000	CY	4.68	\$1,450.80
0070B	452- 1000	FD SLAB REPLACEMENT - SECOND CUT & SEAL	310.000	CY	10.00	\$3,100.00
0080	461- 1000	RESEALING ROADWAY JOINTS AND CRACKS, TP-A	62,725.000	LF	1.35	\$84,678.75
0083	609- 1000	REMOVE ROADWAY SLAB, CRCP LANE REMOVAL	73,343.000	SY	16.69	\$1,224,094.67
0083A	609- 1000	REMOVE ROADWAY SLAB FOR CRCP ISOLATED SLAB REPLACEMENTS	1,657.000	SY	81.39	\$134,863.23
0083B	609- 1000	REMOVE ROADWAY SLAB; REST AREA ON RAMP	950.000	SY	16.69	\$15,855.50
ESTIMATE TOTAL						<b>\$1,838,166.88</b>

Quantities are estimates only, and payment shall be based upon the actual quantities of Work performed at the specified unit prices as accepted and paid for by Owner, unless the words "Lump Sum" appear below the Estimated Amount for an item of Work. All applicable taxes, fees, and other costs and expenses of any nature whatsoever are included in the price(s). Any portion of the Work performed prior to the execution of this Subcontract shall be governed by and subject to the terms and conditions of this Subcontract.

**ADDITIONAL CONDITIONS:**

1. The Subcontractor is to clean up any trash and any Hazardous Spills caused by same.
2. Price for Removal Item 83 includes removal and clean up of existing concrete and asphalt stockpiles behind the weigh station.
3. One mobilization each is included for each of the above items.
4. The above prices for items 0083, 0083A and 0083B include providing a dumpsite for the existing concrete and asphalt stockpiles Slurry from grinding operation and existing roadway slabs to be removed.
5. Subbase deficiencies encountered during the removal operations excluded. Specifically any grading excavation or back filling operations with the exception of item 0083A removal of concrete slabs for isolated replacements.
6. The Contractor is to provide and maintain the necessary and acceptable traffic control devices for the Subcontractor to set closures in accordance with the specifications for closures. The Subcontractor includes traffic control with Contractor furnished devices for Line No. items 0040, 0063, 0070B, 0080, and 0083A. The Subcontractor will also handle all traffic control with Contractor furnished devices for Line No. item 0055 (Grind Concrete Pavement) and will receive compensation for this work under item 005A. The scope of providing traffic control for the grinding subcontractor is limited to 42 closures/shifts. Furthermore the Subcontractor has agreed, while they are onsite for either their work or the grinding work, to the setting out, the monitoring, and the picking up of closures for other concurrent subcontractors (temp. paint, permanent

ATTACHMENT "A"

TO SUBCONTRACT AGREEMENT WITH  
Costello Industries, Inc.

Subcontract No. 392208.02

paint, & glare screen, etc.). The Subcontractor has no responsibility for closures for guardrail and asphalt paving. The Contractor is responsible for closures for concrete paving, Line No. 0083 and 0083B (Remove Roadway Slabs) and 0070A (Green Sawing).

7. The Contractor has purchased enough devices for 3 closures for this project. There will be enough devices for 4 closures on the Bibb, Crawford, Peach Counties project. The Subcontractor will be allowed at least two closures for their work. More maybe possible with shifting of devices between the two projects. The Subcontractor will be given preference for closures and devices, however final priority will be determined by the Contractor's Project Manager. If Sunday closures are required to support operations other than those of the Subcontractor, there will be an additional \$ 2,324.00 per day charge paid to the Subcontractor. For additional closures furnished by the Subcontractor beyond the 42 shifts for the grinding, the additional charge Monday through Saturday will be \$1,825.00/day and \$2,324.00/day for additional Sunday closures.
8. The Contractor is to provide on-site staging area adjacent to the project limits at no cost to the Subcontractor. The Contractor to provide water source (Hydrant or pressurized hose) within project limits for all of the Subcontractor's work, with no cost to the Subcontractor.
9. Pricing for Items 0063 is based on a longitudinal joints only. Layout for the joints is to be furnished by the Contractor.
10. Subcontractor requires a minimum of 6 weeks notice for crew scheduling per move-in.
11. Line No. 0083, 0083A and 0083B - Subcontractor will squeegee slurry from deep sawing operation to the side of the roadway.
12. Line No. 0070A - Any additional green sawing will be done by Subcontractor at an additional charge of \$0.55 per linear foot.
13. Item 0063A is based on APAC supplying all required steel and tying material in the on-site staging area.

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Revised 07/30/02

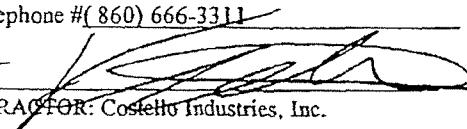
**APAC-GEORGIA, INC. BALLINGER PAVING DIVISION  
ATTACHMENTS TO STANDARD SUBCONTRACT AGREEMENT**

PROJECT # GDOT NHS-M001-00(691) 01 COUNTY Monroe  
SUBCONTRACTOR Costello Industries, Inc. DATE July 12, 2002

The following provisions indicated with (X) are made an integral part of this Subcontract and should be executed, initiated, and submitted as indicated. The Subcontractor will be responsible for the prompt submission of all reports, payrolls, and certifications required by the owner's contract or Federal or State agencies even though they may not be specifically noted herein. Failure to submit the required documents can result in the owner withholding amounts due for work performed.

Please acknowledge each item (X) by initialing.

- (X) Furnish Certificates of Insurance as specified in the Contract with the owner and/or this Subcontract Statutory Workmen's Comp., Public Liability, Property Damage and Vehicle Liability.
- (X) Furnish Bond - PERFORMANCE AND PAYMENT ON ATTACHED FORMS
- (X) Furnish evidence of valid Sales and Use Bond Tax to eliminate retainage of such taxes by Contractor. (GA ACT 180, HB214, Reg. 560-2-2-26)
- (X) Attached Wage Rate Schedule. Submit weekly Certified Payrolls and Payroll Certifications on the appropriate form as required by the owner, to Ballenger Paving Div. no later than five working days after close of the payroll period. For any period during which there is no work, a "No Work Report" should be submitted. Indicate Race and Sex for each employee. Refer to Form FHWA-1273 for payroll requirements.
- (X) Attached Form FHWA-1273.
- (X) Attached Female and Minority Goals. Executive Order 11246.
- (X) Attached Standard Federal EEO Construction Contract Specifications.
- (X) Execute attached certification as to non-segregated facilities.
- (X) Note and Initial the attached Ballenger Paving Co. Division of APAC-Georgia, Inc. Statement of EEO Policy, Substance Abuse Policy, Hazardous Materials Policy, and Anti-Harassment Policy.
- (X) Submit Form PR-1391 in duplicate first three months & every July until project is completed.
- (X) Subcontractor to submit their Equal Employment Statement of Policy and post copy on project bulletin board.
- (X) Subcontractor is to comply with all Federal, State and Local labor and safety regulations.
- (X) Subcontractor is to furnish, maintain and remove any traffic or safety devices required during the performance of his work.
- (X) Drug-Free workplace Certification.
- (X) Subcontractor is to develop and maintain a written Hazards Communication Program.

BY:   
 BY: Ronald Monroe  
 SUBCONTRACTOR: Costello Industries, Inc.  
 Employer Federal I.D.# 06-0613324  
 BY: Ronald Monroe  
 APAC-Georgia, Inc. Ballenger Paving Division

REMINDER: INITIAL EACH ITEM ABOVE INDICATED BY (X)

**STANDARD ADDENDUM to SUBCONTRACT  
COSTELLO INDUSTRIES, INC.**

It is agreed to by the parties that portions of the above-noted Subcontract dated the \_\_\_\_ day of JULY, 2002 between APAC-Georgia, Inc., Ballenger Paving Division (Contractor) and Costello Industries, Inc. (Subcontractor) are hereby amended as listed below. It is further agreed that if any of the terms of the Subcontract (to which this addendum is attached) are inconsistent with any of the terms of this standard addendum, then this addendum shall be controlling and the parties shall be bound by the terms and conditions below.

- a. Investigation and Right to Rely – Subcontractor shall be responsible for investigating the site conditions of the Work and is assumed to be knowledgeable in regards to the scope and character of the Work. In addition, Subcontractor shall rely on plans, drawings, specifications and other information provided by the Contractor, Owner, or representative of each, and assumes no risk for unknown or unforeseen conditions not evident from the plans, drawings, specifications, or other information provided to Subcontractor, and upon which he could in no way ascertain a cost.
- b. Backcharges – No backcharges or claim of the Contractor for services shall be valid except by an agreement in writing by the Subcontractor before the work is executed, except in the case of the Subcontractor's failure to meet any requirement of the subcontract agreement. In such event, the Contractor shall notify the Subcontractor of such default, in writing, and allow the Subcontractor 5 days to correct any deficiency before incurring any cost chargeable to subcontractor. This amends § 14 of the Subcontract, increasing the time to remedy from 12 hours notice.
- c. Time for Performance – Subcontractor shall not be responsible for delays caused wholly by the Owner, Contractor, and their agents or representatives. Subcontractor shall be entitled to equitable adjustment in the subcontract amount for delays insofar as is provided and allowed in the Owner Contractor agreement. This amends § 9 of the subcontract.
- d. Labor – Subcontractor shall not be bound by any of Contractor's labor agreements (in whole or in part).
- e. Liquidated Damages – The Contractor shall make no demand for liquidated damages for delays in any sum in excess of such amounts as may be specifically named in the Contract and no liquidated damages may be assessed against Subcontractor for more than the amount paid by the Contractor for unexcused delays to the extent actually caused by the Subcontractor.
- f. Indemnity – Paragraph 6 of the Subcontract Agreement shall be amended by deleting the words "wholly or" in the sixth line.
- g. Mid-Month Estimate - Whenever Subcontractor has earned sufficient dollar amount (\$225,000) or more in the 1st 2 weeks of any month or 30 day estimate period, and said work is properly owing under the Contract requirements, and when combined with the value of work by others exceeds the threshold provided under the Contract, Contractor will then submit a mid-month application for payment of said sums to the Owner.

Contractor:

APAC-Georgia, Inc., Ballenger Paving Division

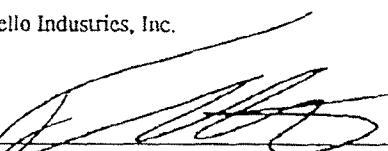
By: Ronald C. Johnson

Title: Vice President

Subcontractor:

Costello Industries, Inc.

By:



Frank Costello

President

Title: \_\_\_\_\_